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EXAMINER
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VIZVARY, GERALD C

ART UNIT	PAPER NUMBER
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3694

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

## Office Action Summary

Application No.

10/766,365

Applicant(s)

KAZDIN ET AL.

Examiner

GERALD C. VIZVARY

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 25 January 2004.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-54 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-54 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/ are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- ☒ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☒ Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date 5/19/2004.
- ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_
- ☐ Notice of Informal Patent Application
- ☐ Other: \_\_\_\_\_

### **DETAILED ACTION**

The following is a non-final office action in response to the communications received on 4/23/2007. Amended claims 1-54 are now pending in this application.

#### ***Information Disclosure Statement***

1. The information disclosure statement (IDS) submitted on 5/19/2004 was considered by the examiner.

#### ***Claim Rejections - 35 USC § 103***

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 8, 9, 22, 23, 36 & 37 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lloyd 4,876,648 in view of Dickerson 2003/0225685 A1.

As per claim 1 (Original), Lloyd 4,876,648 shows a mortgage product configured to provide a security interest in housing Purchased by a borrower, comprising:  
an obligation for a lender to provide loan funds to the borrower for financing the purchase of a first housing ("When the funds are transferred to the various

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accounts and all of the release forms and policy loan forms are completed, the document transfer takes place, and the funds are distributed." Lloyd 4,876,648, col. 8, lines 35-39);

an obligation for a borrower to repay the loan funds, the obligation to repay the loan funds requiring that the borrower repay the loan funds by way of a series of loan payments over a mortgage loan term, the obligation being secured by a first lien on the first housing ("The mortgage plan also creates a vehicle which permits the lender to transfer its first lien position from one property location to another, in principal amounts which may be higher, the same, or lower than the original mortgage amount, by simply adjusting the amount of the insurance coverage to equal the new mortgage amount." Lloyd 4,876,648, col. 10, lines 45-51);

a portability option, the portability option permitting the borrower to apply the first lien to at least a second housing and remove the first lien from the first housing ("The mortgage plan also creates a vehicle which permits the lender to transfer its first lien position from one property location to another, in principal amounts which may be higher, the same, or lower than the original mortgage amount, by simply adjusting the amount of the insurance coverage to equal the new mortgage amount" Lloyd 4,876,648 col. 10, lines 45-51).

Lloyd 4,876,648 fails to explicitly show a mortgage rate configured to be increased at defined rate increase points during the mortgage rate term.

Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present

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invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of Dickerson since this is " known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

As per claim 2 (Original), Lloyd 4,876,648 shows a mortgage product according to claim 1.

Lloyd 4,876,648 fails to explicitly show a mortgage rate configured to be increased at defined rate increase points during the mortgage rate term.

Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of Dickerson since this is " known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

As per claim 3 (Original), Lloyd 4,876,648 further teaches a mortgage product according to claim 1, wherein the portability option is configured such that the borrower may only exercise the portability option during a portability term.

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("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount." Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 4 (Original), Lloyd 4,876,648 further teaches a mortgage product according to claim 3 wherein the portability term is less than the mortgage loan term ("Another highly desirable feature of such a residential mortgage plan, difficult or impossible to implement for most lenders, is the portability feature. With such a feature, the borrower can sell his or her real property, and purchase a new property by transferring the existing mortgage to the purchase of the new property. Such a series of transactions is too difficult to monitor by the lending institution, and thus a new mortgage is ordinarily established each time." Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 5 (Original), Lloyd 4,876,648 further teaches a mortgage product according to claim 4, wherein the mortgage loan term is 30 years and the portability term is the first 10 years of the mortgage loan term. ("At the pre-determined period certain (final option) for the property exchange (i.e., 10 year, 20 year, 30 year), the system 10 automatically notifies all parties of the exchange. The notices are forwarded for completion by the lender and the borrower, and include a copy of the original agreements." Lloyd 4,876,648 col. 8 lines 59-65))

As per claim 6 (Original), Lloyd 4,876,648 further teaches a mortgage product according to claim 1, wherein the portability option is configured such that the option may only be exercised if the borrower has less than or equal to a predefined number of delinquent payments within a pre-defined preceding period. ("For example, the after tax cost should be less as compared to existing mortgages, and such a new plan should enable the mortgage to be portable for the borrower, without undue expense and burden to the lender." Lloyd 4,876,648 col. 8 lines 59-65) col.2, lines 48-51)

As per claim 7 (Original), Lloyd 4,876,648 further teaches a mortgage product according to claim 6, wherein the predefined number of delinquent payments is zero and the pre-defined preceding period is one year. ("Within sixty days of the cost containment option dates, the lender is notified by a suitable message sent from the service computer 12 to the lender computer, stating that an option data is due. Thirty days prior to the date, the program sends a notice of the option and then choices that are available to the borrower by registered mail. It also states the deadline for the borrower to exercise the option. The option notice shows the outstanding mortgage, the value of the option, the cash surrender value, the amount that would be required in addition to the cash surrender value to discharge the mortgage." Lloyd 4,876,648 col. 8 lines 59-65)

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As per claim 8 (Original), Lloyd 4,876,648 shows a mortgage product according to claim 1.

Lloyd 4,876,648 fails to explicitly show the defined rate increase points are after one year and after two years

Dickerson 2003/0225685 A1 teaches "This explains why the GSP loans' first year payments in column c become a progressively higher percentage of the conventional loans' constant payments as the interest rate increases. It also explains why the final year's payment shown in column d for the 30 year GSP mortgage becomes a progressively lower percentage of the conventional loans' payments as the interest rate increases." (Dickerson 2003/0225685 A1 ¶ [0062])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the annual rate increases since "to be amortized precisely, a GSP mortgage must have the same present value as a conventional mortgage of comparable term and rate." (Dickerson 2003/0225685 A1 ¶ [0062])

As per claim 9 (Original), Lloyd 4,876,648 shows a mortgage product according to claim 1.

Lloyd 4,876,648 fails to explicitly show the amount of the mortgage rate increase at the defined rate increase points as fixed.

Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present



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invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of Dickerson since this is " known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

As per claim 10 (Original), Lloyd 4,876,648 further teaches a mortgage product according to claim 1, further including a second loan provision wherein a borrower that exercises the portability option and also obtains a second loan on the at least second housing is required to obtain the second loan from an issuer of the mortgage product. ("The program also transfers accounts and account information from one lender to another when the mortgage has been sold through the secondary mortgage market. It records the lender who owns the mortgage and the servicing agent. The servicing agent can be either the originating lender (even though it sold the mortgage), or the transfer lender in the secondary mortgage market, either approach being possible with present conventional mortgages." Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 11 (Original), Lloyd 4,876,648 further teaches a mortgage product according to claim 10, wherein the second loan provision defines a limitation on the fees that may be charged by the issuer of the mortgage product during origination of the second loan ("Subject to the lender's approval, the mortgage

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plan may be transferred from one location to another at the mortgage amount levels which may be higher, the same, or lower than the original mortgage amount, without requiring the borrower to pay additional mortgage loan originating fees.” Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 12 (Original), Lloyd 4,876,648 further teaches a mortgage product according to claim 11, wherein the limitation is a defined percentage of normal origination fees (“By the above formula, the accumulated cash value plus interest (E) is iterated, until it is equal to a target amount, which is the amount of the mortgage (M), plus a fixed percentage (X) times the amount of the mortgage (M).” Lloyd 4,876,648 col. 8 lines 59-65 col. 20 lines 42-46)

As per claim 13 (Original), Lloyd 4,876,648 further teaches a mortgage product according to claim 10, wherein the mortgage rate for the second loan is predefined as not more than the market rate at the time of origination of the second loan. (“In the event of a change in the required mortgage amount of the subsequent property purchase, the borrower agrees to modify the insurance coverage to reflect the principal amount of the new mortgage and recast the interest rate to the current interest rate at that time. Lloyd 4,876,648 col. 9 lines 36-41)

As per claim 14 (Original), Lloyd 4,876,648 further teaches a mortgage product according to claim 1, wherein the portability option may only be exercised a pre-

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defined number of times ("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount. Underwriting approval of the new property requires verification of the continuing credit worthiness, appraised property value, and proof of the current good health of the borrower. In the event of a change in the required mortgage amount of the subsequent property purchase, the borrower agrees to modify the insurance coverage to reflect the principal amount of the new mortgage and recast the interest rate to the current interest rate at that time. Lloyd 4,876,648 col. 9 lines 29-41). It would be inherent to limit the number of times that a portability option can be exercised due to the complexity of the transactions involved.

As per claim 15 (Original), Lloyd 4,876,648 shows a mortgage loan method, comprising: receiving information pertaining to a desired loan from a first computer system, the receiving step being performed by a second computer system, the information pertaining to a desired loan amount and a desired payment period, the desired loan pertaining to loan funds for financing the purchase of a first housing ("Borrower information is entered in the service computer when a mortgage plan is to be established. An individual one of the groups of investment information is selected. A desired amount of the investment funding is determined for helping repay a mortgage plan. Mortgage implementing information is generated for a given mortgage plan, and is sent to a mortgage

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lender computer to facilitate the establishment of the mortgage plan.” Lloyd 4,876,648 col. 3 lines 10-19);

assessing loan eligibility at the second computer system for a mortgage product that includes the desired loan amount, the desired payment term, a plurality of loan payments to be paid over a mortgage loan term, a portability option permitting a borrower to transfer a first lien of the loan from the first housing to a second housing, (“The mortgage plan also creates a vehicle which permits the lender to transfer its first lien position from one property location to another, in principal amounts which may be higher, the same, or lower than the original mortgage amount, by simply adjusting the amount of the insurance coverage to equal the new mortgage amount.” Lloyd 4,876,648, col. 10, lines 45-51); and

transmitting a response to the first computer system indicating whether a borrower meets eligibility criteria for the mortgage product, the transmitting step being performed by the second computer system (“The system 10 generally comprises a service computer 12, which communicates interactively with a plurality of lender computers 14A through 14M. It should be understood that any number of such lender computers may communicate with the service computer 12. Similarly, a group of insurance company computers 16A through 16N communicate interactively with the service computer 12. A service terminal 18 and a printer 21 are connected in communication with the service computer 12. In this regard, the service terminal 18 enables customer information to be entered and stored in the service computer and to be communicated therefrom to

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a selected one of the lender computers." Lloyd 4,876,648 col. 4 line 65-col. 5 line 9)

Lloyd 4,876,648 fails to explicitly show a mortgage rate configured to be increased at defined rate increase points during the mortgage rate term.

Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of Dickerson since this is "known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

As per claim 16 (Original), Lloyd 4,876,648 shows a mortgage loan method according to claim 15.

Lloyd 4,876,648 fails to explicitly show a mortgage rate configured to be increased at defined rate increase points during the mortgage rate term.

Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of

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Dickerson since this is " known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

As per claim 17 (Original), Lloyd 4,876,648 further shows a mortgage loan method according to claim 15, wherein the portability option is configured such that the borrower may only exercise the portability option during a portability term. ("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount." Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 18 (Original), Lloyd 4,876,648 further shows a mortgage loan method according to claim 17, wherein the portability term is less than the mortgage loan term. ("Another highly desirable feature of such a residential mortgage plan, difficult or impossible to implement for most lenders, is the portability feature. With such a feature, the borrower can sell his or her real property, and purchase a new property by transferring the existing mortgage to the purchase of the new property. Such a series of transactions is too difficult to monitor by the lending institution, and thus a new mortgage is ordinarily established each time." Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 19 (Original), Lloyd 4,876,648 further shows a mortgage loan method according to claim 18, wherein the mortgage loan term is 30 years and

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the portability term is the first 10 years of the mortgage loan term. . ("At the pre-determined period certain (final option) for the property exchange (i.e., 10 year, 20 year, 30 year), the system 10 automatically notifies all parties of the exchange. The notices are forwarded for completion by the lender and the borrower, and include a copy of the original agreements." Lloyd 4,876,648 col. 8 lines 59-65))

As per claim 20 (Original), Lloyd 4,876,648 further shows a mortgage loan method according to claim 15, wherein the portability option is configured such that the option may only be exercised if the borrow has less than or equal to a predefined number of delinquent payments within a pre-defined preceding period. ("For example, the after tax cost should be less as compared to existing mortgages, and such a new plan should enable the mortgage to be portable for the borrower, without undue expense and burden to the lender." Lloyd 4,876,648 col. 8 lines 59-65) col.2, lines 48-51)

As per claim 21 (Original), Lloyd 4,876,648 further shows a mortgage loan method according to claim 20, wherein the predefined number of delinquent payments is zero and the pre-defined preceding period is one year. ("Within sixty days of the cost containment option dates, the lender is notified by a suitable message sent from the service computer 12 to the lender computer, stating that an option data is due. Thirty days prior to the date, the program sends a notice of the option and then choices that are available to the borrower by registered mail.

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It also states the deadline for the borrower to exercise the option. The option notice shows the outstanding mortgage, the value of the option, the cash surrender value, the amount that would be required in addition to the cash surrender value to discharge the mortgage." Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 22 (Original), Lloyd 4,876,648 shows a mortgage loan method according to claim 15.

Lloyd 4,876,648 fails to explicitly show the defined rate increase points are after one year and after two years.

Dickerson 2003/0225685 A1 teaches "This explains why the GSP loans' first year payments in column c become a progressively higher percentage of the conventional loans' constant payments as the interest rate increases. It also explains why the final year's payment shown in column d for the 30 year GSP mortgage becomes a progressively lower percentage of the conventional loans' payments as the interest rate increases." (Dickerson 2003/0225685 A1 ¶ [0062])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the annual rate increases since "to be amortized precisely, a GSP mortgage must have the same present value as a conventional mortgage of comparable term and rate." (Dickerson 2003/0225685 A1 ¶ [0062])

As per claim 23 (Original), Lloyd 4,876,648 shows a mortgage loan method according to claim 15.



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Lloyd 4,876,648 fails to explicitly show the amount of the mortgage rate increase at the defined rate increase points is fixed.

Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of Dickerson since this is " known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

As per claim 24 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 15, further including a second loan provision wherein a borrower that exercises the portability option and also obtains a second loan on the at least second housing is required to obtain the second loan from an issuer of the mortgage product. ("The program also transfers accounts and account information from one lender to another when the mortgage has been sold through the secondary mortgage market. It records the lender who owns the mortgage and the servicing agent. The servicing agent can be either the originating lender (even though it sold the mortgage), or the transfer lender in the secondary mortgage market, either approach being possible with present conventional mortgages." Lloyd 4,876,648 col. 8 lines 59-65)

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As per claim 25 (Original), Lloyd 4,876,648 shows a mortgage loan method according to claim 24, wherein the second loan provision defines a limitation on the fees that may be charged by the issuer of the mortgage product during origination of the second loan. ("Subject to the lender's approval, the mortgage plan may be transferred from one location to another at the mortgage amount levels which may be higher, the same, or lower than the original mortgage amount, without requiring the borrower to pay additional mortgage loan originating fees." Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 26 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 25, wherein the limitation is a defined percentage of normal origination fees ("By the above formula, the accumulated cash value plus interest (E) is iterated, until it is equal to a target amount, which is the amount of the mortgage (M), plus a fixed percentage (X) times the amount of the mortgage (M)." Lloyd 4,876,648 col. 8 lines 59-65 col. 20 lines 42-46)

As per claim 27 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 24, wherein the mortgage rate for the second loan is predefined as no more than the market rate at the time of origination of the second loan. ("In the event of a change in the required mortgage amount of the subsequent property purchase, the borrower agrees to modify the insurance coverage to reflect the principal amount of the new mortgage and recast the

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interest rate to the current interest rate at that time. Lloyd 4,876,648 col. 9 lines 36-41)

As per claim 28 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 15, wherein the portability option may only be exercised a pre-defined number of times ("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount. Underwriting approval of the new property requires verification of the continuing credit worthiness, appraised property value, and proof of the current good health of the borrower. In the event of a change in the required mortgage amount of the subsequent property purchase, the borrower agrees to modify the insurance coverage to reflect the principal amount of the new mortgage and recast the interest rate to the current interest rate at that time. Lloyd 4,876,648 col. 9 lines 29-41). It would be inherent to limit the number of times that a portability option can be exercised due to the complexity of the transactions involved.

As per claim 29 (Original), Lloyd 4,876,648 shows a mortgage loan method comprising: receiving information at a first computer system, the information having been transmitted from a second computer system, and the information pertaining to a mortgage being purchased from an entity associated with the second computer system ("Borrower information is entered in the service

computer when a mortgage plan is to be established. An individual one of the groups of investment information is selected. A desired amount of the investment funding is determined for helping repay a mortgage plan. Mortgage implementing information is generated for a given mortgage plan, and is sent to a mortgage lender computer to facilitate the establishment of the mortgage plan.” Lloyd 4,876,648 col. 3 lines 10-19); and

storing the information at the first computer system pertaining to the mortgage being purchased, the information including information indicating that the mortgage is subject to a portability option permitting a borrower to transfer a first lien of the loan from the first housing to a second housing. (“The system 10 generally comprises a service computer 12, which communicates interactively with a plurality of lender computers 14A through 14M. It should be understood that any number of such lender computers may communicate with the service computer 12. Similarly, a group of insurance company computers 16A through 16N communicate interactively with the service computer 12. A service terminal 18 and a printer 21 are connected in communication with the service computer 12. In this regard, the service terminal 18 enables customer information to be entered and stored in the service computer and to be communicated therefrom to a selected one of the lender computers.” Lloyd 4,876,648 col. 4 line 65-col. 5 line 9)

Lloyd 4,876,648 fails to explicitly show a mortgage rate configured to be increased at defined rate increase points during the mortgage rate term.

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Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of Dickerson since this is " known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

As per claim 30 (Original), Lloyd 4,876,648 shows a mortgage loan method according to claim 29

Lloyd 4,876,648 fails to explicitly show a mortgage rate configured to be increased at defined rate increase points during the mortgage rate term.

Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of Dickerson since this is " known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

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As per claim 31 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 29, wherein the portability option is configured such that the borrower may only exercise the portability option during a portability term. ("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount." Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 32 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 31, wherein the portability term is less than the mortgage loan term ("Another highly desirable feature of such a residential mortgage plan, difficult or impossible to implement for most lenders, is the portability feature. With such a feature, the borrower can sell his or her real property, and purchase a new property by transferring the existing mortgage to the purchase of the new property. Such a series of transactions is too difficult to monitor by the lending institution, and thus a new mortgage is ordinarily established each time." Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 33 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 32, wherein the mortgage loan term is 30 years and the portability term is the first 10 years of the mortgage loan term. ("At the pre-determined period certain (final option) for the property exchange (i.e., 10 year, 20 year, 30 year), the system 10 automatically notifies all parties of the

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exchange. The notices are forwarded for completion by the lender and the borrower, and include a copy of the original agreements.” Lloyd 4,876,648 col. 8 lines 59-65))

As per claim 34 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 29, wherein the portability option is configured such that the option may only be exercised if the borrow has less than or equal to a predefined number of delinquent payments within a pre-defined preceding period. (“For example, the after tax cost should be less as compared to existing mortgages, and such a new plan should enable the mortgage to be portable for the borrower, without undue expense and burden to the lender.” Lloyd 4,876,648 col. 8 lines 59-65) col.2, lines 48-51)

As per claim 35 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 34, wherein the predefined number of delinquent payments is zero and the pre-defined preceding period is one year. (“Within sixty days of the cost containment option dates, the lender is notified by a suitable message sent from the service computer 12 to the lender computer, stating that an option data is due. Thirty days prior to the date, the program sends a notice of the option and then choices that are available to the borrower by registered mail. It also states the deadline for the borrower to exercise the option. The option notice shows the outstanding mortgage, the value of the option, the cash

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surrender value, the amount that would be required in addition to the cash surrender value to discharge the mortgage.” Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 36, (Original) Lloyd 4,876,648 shows a mortgage loan method according to claim 29.

Lloyd 4,876,648 fails to explicitly show the defined rate increase points are after one year and after two years.

Dickerson 2003/0225685 A1 teaches “This explains why the GSP loans' first year payments in column c become a progressively higher percentage of the conventional loans' constant payments as the interest rate increases. It also explains why the final year's payment shown in column d for the 30 year GSP mortgage becomes a progressively lower percentage of the conventional loans' payments as the interest rate increases.” (Dickerson 2003/0225685 A1 ¶ [0062])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the annual rate increases since “to be amortized precisely, a GSP mortgage must have the same present value as a conventional mortgage of comparable term and rate.” (Dickerson 2003/0225685 A1 ¶ [0062])

As per claim 37 (Original) Lloyd 4,876,648 shows a mortgage loan method according to claim 29.

Lloyd 4,876,648 fails to explicitly show the amount of the mortgage rate increase at the defined rate increase points is fixed.



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Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of Dickerson since this is "known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

As per claim 38 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 29, further including a second loan provision wherein a borrower that exercises the portability option and also obtains a second loan on the at least second housing is required to obtain the second loan from an issuer of the mortgage product. ("The program also transfers accounts and account information from one lender to another when the mortgage has been sold through the secondary mortgage market. It records the lender who owns the mortgage and the servicing agent. The servicing agent can be either the originating lender (even though it sold the mortgage), or the transfer lender in the secondary mortgage market, either approach being possible with present conventional mortgages." Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 39 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 38, wherein the second loan provision defines a

limitation on the fees that may be charged by the issuer of the mortgage product during origination of the second loan. ("Subject to the lender's approval, the mortgage plan may be transferred from one location to another at the mortgage amount levels which may be higher, the same, or lower than the original mortgage amount, without requiring the borrower to pay additional mortgage loan originating fees." Lloyd 4,876,648 col. 8 lines 59-65)

As per claim 40 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 39, wherein the limitation is a defined percentage of normal origination fees ("By the above formula, the accumulated cash value plus interest (E) is iterated, until it is equal to a target amount, which is the amount of the mortgage (M), plus a fixed percentage (X) times the amount of the mortgage (M)." Lloyd 4,876,648 col. 8 lines 59-65 col. 20 lines 42-46)

As per claim 41 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 38, wherein the mortgage rate for the second loan is predefined as the no more than market rate at the time of origination of the second loan. ("In the event of a change in the required mortgage amount of the subsequent property purchase, the borrower agrees to modify the insurance coverage to reflect the principal amount of the new mortgage and recast the interest rate to the current interest rate at that time. Lloyd 4,876,648 col. 9 lines 36-41)

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As per claim 42 (Original), Lloyd 4,876,648 further teaches a mortgage loan method according to claim 29, wherein the portability option may only be exercised a pre-defined number of times ("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount. Underwriting approval of the new property requires verification of the continuing credit worthiness, appraised property value, and proof of the current good health of the borrower. In the event of a change in the required mortgage amount of the subsequent property purchase, the borrower agrees to modify the insurance coverage to reflect the principal amount of the new mortgage and recast the interest rate to the current interest rate at that time. Lloyd 4,876,648 col. 9 lines 29-41). It would be inherent to limit the number of times that a portability option can be exercised due to the complexity of the transactions involved.

As per claim 43 (Original), Lloyd 4,876,648 shows a system for generating a mortgage loan document to be executed by a borrower, comprising:  
an input device configured to receive mortgage loan application data pertaining to a borrower and a mortgage loan for a borrower ("Personnel of the lending company operate the terminal 23A to input certain customer data concerning the amount of the loan, personal information regarding the customer and other such information, as hereinafter described in greater detail. This information is sent via a computer modem 20A over a telephone line T3, to

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another modem 22 at the service company. In this manner, the lending company computer terminal 23A can access interactively the service company computer 12. In this regard, the customer information is transferred to the service computer 12, wherein calculations are performed to determine the most appropriate investment vehicle, as well as to calculate the various payments which would be necessary for implementing the mortgage plan for the borrower. Lloyd 4,876,648 col. 34, lines 34-48);

a computer system programmed to generate the mortgage loan document based on the mortgage loan application data, the mortgage loan document relating to the mortgage loan, the mortgage loan document including an obligation for a lender to provide loan funds to the borrower for financing the purchase of a first housing ("The service computer 12 subsequently helps in the implementation of the mortgage plan, by enabling various documents to be printed via the printer 25A in response to messages sent from the service computer 12 to the lending company computer 14A." . Lloyd 4,876,648 col. 5, lines 57-61);

an obligation for a borrower to repay the loan funds, the obligation to repay the loan funds requiring that the borrower repay the loan funds by way of a series of loan payments over a mortgage loan term, the obligation being secured by a first lien on the first housing ("The mortgage plan also creates a vehicle which permits the lender to transfer its first lien position from one property location to another, in principal amounts which may be higher, the same, or lower than the original mortgage amount, by simply adjusting the amount of the insurance coverage to equal the new mortgage amount." Lloyd 4,876,648, col. 10, lines 45-51);

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a portability option, the portability option permitting the borrower to apply the first lien to at least a second housing and remove the first lien from the first housing ("The mortgage plan also creates a vehicle which permits the lender to transfer its first lien position from one property location to another, in principal amounts which may be higher, the same, or lower than the original mortgage amount, by simply adjusting the amount of the insurance coverage to equal the new mortgage amount" Lloyd 4,876,648 col. 10, lines 45-51), and

a mortgage rate configured to be increased at defined rate increase points during the mortgage loan term. ("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount." Lloyd 4,876,648 col. 9, lines 29-33) and ("Communications can be transmitted to a computer modem, a facsimile recorder (not shown) or via telex (not shown). Hard copy printed at the central service company office may be mailed to the correspondent lender. Lloyd 4,876,648 col. 6, lines 23-28)

Lloyd 4,876,648 fails to explicitly show a mortgage rate configured to be increased at defined rate increase points during the mortgage rate term.

Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

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It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of Dickerson since this is "known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

As per claim 45 (New), Lloyd 4,876,648 further teaches a system according to claim 43, wherein the output device is configured to provide the mortgage loan document as a paper mortgage to be executed in hard copy format. ("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount." Lloyd 4,876,648 col. 9, lines 29-33) and ("Communications can be transmitted to a computer modem, a facsimile recorder (not shown) or via telex (not shown). Hard copy printed at the central service company office may be mailed to the correspondent lender. Lloyd 4,876,648 col. 6, lines 23-28)

As per claim 46 (New), Lloyd 4,876,648 teaches a mortgage product configured to provide a security interest in housing purchased by a borrower, comprising: a lender obligation, the lender obligation requiring a lender to provide a first amount of funds to a borrower for the purchase of a first housing; ("Mortgage implementing information is generated for a given mortgage plan, and is sent to a mortgage lender computer to facilitate the establishment of the mortgage plan." . Lloyd 4,876,648 col. 3, lines 16-19)

a borrower obligation, the borrower obligation requiring a borrower to provide a series of payments over a mortgage loan term to repay the first amount of loan funds, and the borrower obligation being secured by a lien on the first housing ("Borrower information is entered in the service computer when a mortgage plan is to be established." Lloyd 4,876,648 col. 3, lines 16-19);

a portability option, the portability option permitting the borrower to apply the lien to at least a second housing and remove the lien from the first housing, the portability option being subject to a plurality of portability option requirements, the portability option requirements including ("The mortgage plan also creates a vehicle which permits the lender to transfer its first lien position from one property location to another, in principal amounts which may be higher, the same, or lower than the original mortgage amount, by simply adjusting the amount of the insurance coverage to equal the new mortgage amount" Lloyd 4,876,648 col. 10, lines 45-51):

a first requirement configured such that the portability option may be exercised only during a portability term, the portability term commencing with the mortgage loan term and being a shorter term than the mortgage loan term ("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount." Lloyd 4,876,648 col. 9, lines 29-33);

a second requirement configured such that a borrower that exercises the portability option and also obtains a second loan on the second housing is

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required to obtain the second loan from the issuer of the mortgage product ("The plan is equally flexible in following the borrower from one property to another property in other geographical locations. The advantage to the borrower in moving from one property to another is that his or her credit and payment record has been previously established. There are no extra costs in providing a new mortgage. The only cost is in the title search and legal costs related to the sale of one property and the purchase of another." Lloyd 4,876,648 col. 15, lines 16-24); and a third requirement configured such that the portability option may be exercised only if the second housing is a predetermined type of housing ("Considering now the new mortgage plan implemented by the system 10 in greater detail, the new hybrid plan is primarily intended as a residential mortgage plan." Lloyd 4,876,648 col. 8 lines 54-57); and

Lloyd 4,876,648 fails to explicitly show a mortgage rate configured to be increased at defined rate increase points during the mortgage rate term.

Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of Dickerson since this is "known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])



As per claim 47 (New,) Lloyd 4,876,648 teaches a mortgage product of claim 46.

Lloyd 4,876,648 fails to explicitly show a mortgage rate configured to be increased at defined rate increase points during the mortgage rate term.

Dickerson 2003/0225685 A1 "In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest." (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of Dickerson since this is "known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

As per claim 48 (New,) Lloyd 4,876,648 further teaches a mortgage product of claim 46, wherein the portability option requirements further include:

a fourth requirement configured such that the portability option may be exercised only if the borrower has less than a predetermined number of delinquent payments during a predefined preceding period during the portability term; and a fifth requirement configured such that upon a sale of the first housing, the borrower must apply the lien to the second housing Within a grace period, the grace period being a predetermined period of time ("The mortgage plan also creates a vehicle which permits the lender to transfer its first lien position from one property location to another, in principal amounts which may be higher, the same, or lower than the original mortgage amount, by simply adjusting the

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amount of the insurance coverage to equal the new mortgage amount. The lender grants underwriting approval subject to the borrower's ongoing credit worthiness, appraised value of the property, the health of the borrower, and recasting of the interest rate to the current rate of interest.." Lloyd 4,876,648 col. 10, lines 45-51).

As per claim 49 (New,) Lloyd 4,876,648 further teaches a mortgage product of claim 46, wherein the mortgage loan term is 30 years and the portability term is 10 years. ("The mortgage plan provides for an "interest only payment mortgage" for a certain period, such as 15 years, 30 years, 45 years, or an integral in which the face amount of the mortgage loan is matched to the face amount of an interest sensitive insurance policy investment vehicle, and a target cash value equal to the loan at a predetermined period certain." Lloyd 4,876,648 col. 15, lines 41-48)

As per claim 52 (New,) Lloyd 4,876,648 teaches a method of transferring a mortgage product from a first housing to a second housing, the method comprising:

receiving a request to transfer a mortgage product from a first housing to a second housing, the mortgage product comprising:

an obligation for a lender to provide loan funds to the borrower for financing the purchase of the first housing ("When the funds are transferred to the various accounts and all of the release forms and policy loan forms are completed, the

document transfer takes place, and the funds are distributed.” Lloyd 4,876,648, col. 8, lines 35-39);

an obligation for a borrower to repay the loan funds, the obligation to repay the loan funds requiring that the borrower repay, the loan funds by way of a series of loan payments over a mortgage loan term, the obligation being secured by a first lien on the first housing (“The mortgage plan also creates a vehicle which permits the lender to transfer its first lien position from one property location to another, in principal amounts which may be higher, the same, or lower than the original mortgage amount, by simply adjusting the amount of the insurance coverage to equal the new mortgage amount.” Lloyd 4,876,648, col. 10, lines 45-51);

a portability option, the portability option permitting the borrower to apply the first lien to the second housing and remove the first lien from the first housing (“The mortgage plan also creates a vehicle which permits the lender to transfer its first lien position from one property location to another, in principal amounts which may be higher, the same, or lower than the original mortgage amount, by simply adjusting the amount of the insurance coverage to equal the new mortgage amount” Lloyd 4,876,648 col. 10, lines 45-51), and

determining whether the borrower is eligible to transfer the mortgage product, wherein determining whether the borrower is eligible includes determining whether a plurality of portability option requirements have been satisfied, the plurality of portability option requirements including (“Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an

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increased, similar, or reduced mortgage amount. Underwriting approval of the new property requires verification of the continuing credit worthiness, appraised property value, and proof of the current good health of the borrower." Lloyd 4,876,648 col. 9 lines 29-36):

a first requirement configured such that the portability option may be exercised only during a portability term, the portability term commencing with the mortgage loan term and being a shorter term than the mortgage loan term ("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount." Lloyd 4,876,648 col. 9, lines 29-33);

a second requirement configured such that a borrower that exercises the portability option; and also obtains a second loan on the second housing is required to obtain the second loan from the issuer of the mortgage product ("The plan is equally flexible in following the borrower from one property to another property in other geographical locations. The advantage to the borrower in moving from one property to another is that his or her credit and payment record has been previously established. There are no extra costs in providing a new mortgage. The only cost is in the title search and legal costs related to the sale of one property and the purchase of another." Lloyd 4,876,648 col. 15, lines 16-24); and a third requirement configured such that the portability option may be exercised only if the second housing is a predetermined type of housing ("Considering now the new mortgage plan implemented by the system 10 in

greater detail, the new hybrid plan is primarily intended as a residential mortgage plan." Lloyd 4,876,648 col. 8 lines 54-57);

and upon determining that the borrower is eligible to transfer the mortgage product, transferring the mortgage product from the first housing to the second housing ("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount. Underwriting approval of the new property requires verification of the continuing credit worthiness, appraised property value, and proof of the current good health of the borrower." Lloyd 4,876,648 col. 9 lines 29-36);

determining whether the borrower requires additional funds to purchase the second housing ("Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount." Lloyd 4,876,648 col. 9 lines 29-33); and

upon determining that the borrower requires additional funds to purchase the second housing, providing a second loan to the borrower to purchase or finance the second housing ("Underwriting approval of the new property requires verification of the continuing credit worthiness, appraised property value, and proof of the current good health of the borrower. In the event of a change in the required mortgage amount of the subsequent property purchase, the borrower agrees to modify the insurance coverage to reflect the principal amount of the

new mortgage and recast the interest rate to the current interest rate at that time.” Lloyd 4,876,648 col. 9 lines 36-41);

wherein the second loan is provided by the issuer of the mortgage product at the market mortgage interest rate at the time of the purchase of the second housing (“The program also transfers accounts and account information from one lender to another when the mortgage has been sold through the secondary mortgage market. It records the lender who owns the mortgage and the servicing agent. The servicing agent can be either the originating lender (even though it sold the mortgage), or the transfer lender in the secondary mortgage market, either approach being possible with present conventional mortgages. At that point, the borrower's files are transferred to the new lender and are removed from the original lender. If the original lender continues to service the account, it receives the information coded as a servicing agent from the service computer 12. “Lloyd 4,876,648 col. 7, lines 12-25)

Lloyd 4,876,648 fails to explicitly show a mortgage rate configured to be increased at defined rate increase points during the mortgage rate term.

Dickerson 2003/0225685 A1 “In comparison to the lending instruments described above or otherwise known in the field of lending and finance, the present invention provides for a gradually stepped payment (GSP) mortgage loan at a fixed rate of interest.” (Dickerson 2003/0225685 A1 ¶ [0018])

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include the fixed increase points of

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Dickerson since this is " known in the field of lending and finance" (Dickerson 2003/0225685 A1 ¶ [0018])

As per claim 53 (New,) Lloyd 4,876,648 further teaches a method of claim 52, wherein the plurality of portability option requirements further include:

a fourth requirement configured such that the portability option may be exercised only if the borrower has less than a predetermined number of delinquent payments during a predefined preceding period during the portability term ("The mortgage plan also creates a vehicle which permits the lender to transfer its first lien position from one property location to another, in principal amounts which may be higher, the same, or lower than the original mortgage amount, by simply adjusting the amount of the insurance coverage to equal the new mortgage amount. The lender grants underwriting approval subject to the borrower's ongoing credit worthiness, appraised value of the property, the health of the borrower, and recasting of the interest rate to the current rate of interest.." Lloyd 4,876,648 col. 10, lines 45-51); and

a fifth requirement configured such that upon a sale of the first housing, the borrower must apply the lien to the second housing within a grace period, the grace period being a predetermined period of time. ("The mortgage plan also creates a vehicle which permits the lender to transfer its first lien position from one property location to another, in principal amounts which may be higher, the same, or lower than the original mortgage amount, by simply adjusting the amount of the insurance coverage to equal the new mortgage amount. The

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lender grants underwriting approval subject to the borrower's ongoing credit worthiness, appraised value of the property, the health of the borrower, and recasting of the interest rate to the current rate of interest." Lloyd 4,876,648 col. 10, lines 45-51)

As per claim 54 (New,) Lloyd 4,876,648 further teaches a method of claim 52, wherein the step of receiving the request comprises receiving the request via a computer-implemented input device. ("In operation, assume that a prospective borrower is interested in obtaining the mortgage plan, which is implemented by the system 10, and the borrower goes to the lending company having the computer 14A. Personnel of the lending company operate the terminal 23A to input certain customer data concerning the amount of the loan, personal information regarding the customer and other such information, as hereinafter described in greater detail." Lloyd 4,876,648 col. 5, lines 31-39)

4. Claims 44, 50 & 51 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lloyd 4,876,648 in view of Dickerson 2003/0225685 A1 in further view of McNamar 7,089,202 B1.

As per claim 44 (Original), Lloyd 4,876,648 in view of Dickerson 2003/0225685 A1 shows a system according to claim 43.



Lloyd 4,876,648 in view of Dickerson 2003/0225685 A1 fails to explicitly show the output device is configured to provide the mortgage loan document as an e-mortgage to be executed electronically with a digital signature.

McNamar 7,089,202 B1 teaches "Otherwise, the client signs and returns the loan documents by either signing a paper copy or affixing an electronic signature using technology that is acceptable to the IFMA account sponsor." (McNamar 7,089,202 B1 col. 19 line 64-col. 20 line 4)

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include an electronic signature feature in order to "transmit by electronic means" (McNamar 7,089,202 B1 col. 19 line 66)

As per claim 50 (New), Lloyd 4,876,648 in view of Dickerson 2003/0225685 A1 shows a system for generating a mortgage loan document to be executed by a borrower, the system comprising:

an input device configured to receive mortgage loan application data pertaining to a borrower and a mortgage loan for the borrower ("Personnel of the lending company operate the terminal 23A to input certain customer data concerning the amount of the loan, personal information regarding the customer and other such information, as hereinafter described in greater detail. This information is sent via a computer modem 20A over a telephone line T3, to another modem 22 at the service company. In this manner, the lending company computer terminal 23A can access interactively the service company computer 12. In this regard, the

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customer information is transferred to the service computer 12, wherein calculations are performed to determine the most appropriate investment vehicle, as well as to calculate the various payments which would be necessary for implementing the mortgage plan for the borrower. Lloyd 4,876,648 col. 34, lines 34-48);

a computer system coupled to the input device and programmed to generate a mortgage loan document based on the mortgage loan application data, the mortgage loan document relating to the mortgage loan, the mortgage loan document including ("The system 10 generally comprises a service computer 12, which communicates interactively with a plurality of lender computers 14A through 14M. It should be understood that any number of such lender computers may communicate with the service computer 12. Similarly, a group of insurance company computers 16A through 16N communicate interactively with the service computer 12. A service terminal 18 and a printer 21 are connected in communication with the service computer 12. In this regard, the service terminal 18 enables customer information to be entered and stored in the service computer and to be communicated therefrom to a selected one of the lender computers." Lloyd 4,876,648 col. 4 line 65-col. 5 line 9):

a lender obligation, the lender obligation requiring a lender to provide a first amount of funds to a borrower for the purchase of a first housing ("A desired amount of the investment funding is determined for helping repay a mortgage plan. Mortgage implementing information is generated for a given mortgage plan,

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and is sent to a mortgage lender computer to facilitate the establishment of the mortgage plan.” Lloyd 4,876,648 col. 3, lines 13-19);

a borrower obligation, the borrower obligation requiring a borrower to provide a series of payments over a mortgage loan term to repay the first amount of loan funds, and the borrower obligation being secured by a lien on the first housing (“Both a plurality of groups of investment vehicle information and mortgage information are stored in the service computer. Borrower information is entered in the service computer when a mortgage plan is to be established.” Lloyd 4,876,648 col. 3, lines 8-12);

a portability option, the portability option permitting the borrower to apply the lien to at least a second housing and remove the lien from the first housing, the portability option being subject to a plurality of portability option requirements, the portability option requirements including:

a first requirement configured such that the portability option may be exercised only during a portability term, the portability term commencing with the mortgage loan term and being a shorter term than the mortgage loan term (“Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount.” Lloyd 4,876,648 col. 9, lines 29-33);

a second requirement configured such that a borrower that exercises the portability option and also obtains a second loan on the second housing is required to obtain the second loan from the issuer of the mortgage product (“The

program also transfers accounts and account information from one lender to another when the mortgage has been sold through the secondary mortgage market. It records the lender who owns the mortgage and the servicing agent. The servicing agent can be either the originating lender (even though it sold the mortgage), or the transfer lender in the secondary mortgage market, either approach being possible with present conventional mortgages." Lloyd 4,876,648 col. 8 lines 59-65); and

a third requirement configured such that the portability option may be exercised only if the second housing is a predetermined type of housing ("Considering now the new mortgage plan implemented by the system 10 in greater detail, the new hybrid plan is primarily intended as a residential mortgage plan." Lloyd 4,876,648 col. 8 lines 54-57);

Lloyd fails to explicitly show the output device is configured to provide the mortgage loan document as an e-mortgage to be executed electronically with a digital signature.

McNamar 7,089,202 B1 teaches "Otherwise, the client signs and returns the loan documents by either signing a paper copy or affixing an electronic signature using technology that is acceptable to the IFMA account sponsor." (McNamar 7,089,202 B1 col. 19 line 64-col. 20 line 4)

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the invention of Lloyd to include an electronic signature feature in order to "transmit by electronic means" (McNamar 7,089,202 B1 col. 19 line 66)

As per claim 51 (New,) Lloyd 4,876,648 in view of Dickerson 2003/0225685 A1 further teaches a system of claim 50, wherein the portability option requirements further include:

a fourth requirement configured such that the portability option may be exercised only if the borrower has less than a predetermined number of delinquent payments during a predefined preceding period during the portability term; and  
a fifth requirement configured such that upon a sale of the first housing, the borrower must apply the lien to the second housing within a grace period, the grace period being a predetermined period of time. (" Subject to the lender's agreement, the borrower may exercise a portability option to transfer the existing interest-only mortgage from one property location to another location at an increased, similar, or reduced mortgage amount. Underwriting approval of the new property requires verification of the continuing credit worthiness, appraised property value, and proof of the current good health of the borrower." Lloyd 4,876,648 col. 15, lines 41-48)

### ***Conclusion***

5. The following is prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

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Sahadi, Jeanne, Are portable mortgages for you? June 10, 2003, [http://money.cnn.com/2003/06/10/pf/yourhome/portable\\_mortgage](http://money.cnn.com/2003/06/10/pf/yourhome/portable_mortgage) shows a portable mortgage with a limit-of-one portability.

Mortgage on the Move from E\*TRADE FINANCIAL, 2003 shows a possible second lien mortgage at the first mortgage rate and a portable mortgage with a one time portability option and restriction criteria for qualification.

Bloomquist (US 7,089,503 B1) shows a computerized mortgage loan system and process to enable borrowers to design mortgage loans that meet their particular individual needs and financial goals, and that can be adapted to fit changing needs and goals. The loan requirements of the borrower are obtained and applied to a set of rules for combining loan product features. One or more loan recommendations are determined and presented to the borrower. The loan recommendations include customized combinations of loan features based on the loan requirements of the borrower and the rules.

Kelly (2002/0046158 A1) shows a computer-based method and system for controlling the mortgage rate charged to a mortgagee as a prevailing mortgage rate drops. Using an Automatic Rate Cut (A.R.C.) mortgage, a customer's interest rate may be reduced without going through a traditional refinance process. The A.R.C. Loan offers a model of financing for purchasing or refinancing property (e.g., a residence). Once the customer has been in the

program for a specified period since settlement date, the interest rate can be modified down provided that interest rates have declined since the customer entered the A.R.C. Loan. Secondary conditions can also be used to determine if the mortgage qualifies for a rate reduction.

Allen (2001/0044772 A1) shows a method and system by which mortgage customers are linked to their existing mortgage servicer via an improved Internet process for achieving a mortgage modification, by their existing mortgage servicing institution rather than by a mortgage refinancing with loss of the customer to another servicing institution.


Madden (2002/0128963) shows a system and method for implementing a mortgage plan. Data is input to a computer system regarding the mortgage terms, and the computer system is used to prepare a mortgage document which creates an equity participation mortgage obligation in which the lender shares in a predetermined percentage of realized appreciation on the subsequent sale of the asset which is the subject of the mortgage. In a particularly preferred embodiment, this mortgage plan can provide the borrower with an interest-free loan, a faster amortization schedule, and a larger, yet more affordable mortgage. The lender also receives substantial benefits, including the potential for a return which exceeds conventional mortgage rate returns, insulation from risk against interest rate fluctuation, and preferred tax treatment in the form of capital gains tax rates paid only upon the subsequent sale of the mortgaged asset. No

maturity date need be specified for the mortgage; rather, it may be tied to the ultimate sale of the asset subject to the mortgage.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Gerald C. Vizvary whose telephone number is 571-270-3268. The examiner can normally be reached on Monday thru Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tom Dixon can be reached on 571-272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-270-4268.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

  
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